

FISCAL IMPACT STATEMENT ON BILL NO. **S.858**

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TO:	The Honorable David Thomas, Chairman, Senate Banking and Insurance Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Kenneth Brown		
DATE:	January 16, 2008	SBD:	2008013

AUTHOR:	Senator McConnell	PRIMARY CODE CITE:	38-73-1095
SUBJECT:	Property Insurance Credits in Coastal Areas		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

The Bill would provide credits and discounts or surcharges and debits calculated on certain rating factors for retrofitting property in all areas of the state as well as in the coastal area or seacoast area.

EXPLANATION OF IMPACT:

The Department of Insurance indicates that this Bill would require additional General Funds of the State totaling \$46,450 the first year of implementation. Currently, the Department performs rating activities on plans in the coastal and seacoast areas. This Bill expands this activity statewide which would result in an increase in the number of rating plans that will be needed to be reviewed. Recurring costs of \$38,700 would cover salary and fringe benefits for One (1.00) FTE position and \$2,700 for operating expenses would be needed to complete the analysis of companies filing forms and notification with the Department. Nonrecurring cost of \$5,050 would cover office equipment, computers and supplies. Therefore, first year costs are estimated at \$46,450 while recurring costs annually thereafter would be \$41,400.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Harry Bell
Assistant Director, Office of State Budget